

***United States Court of Appeals  
for the Second Circuit***



**PETITION FOR  
REHEARING**



76-7407

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**United States Court of Appeals**

FOR THE SECOND CIRCUIT

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GRIEFF FABRICS, INC.,

*Plaintiff-Appellant,*

—v.—

MALDEN MILLS INDUSTRIES, INC.,

*Defendant-Appellee.*

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ON APPEAL FROM THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK

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**PETITION FOR REHEARING**

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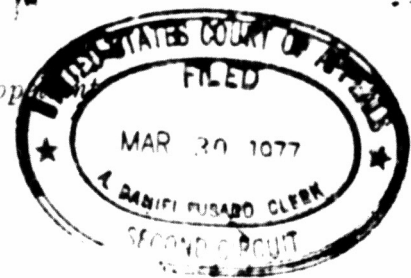
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UNITED STATES COURT OF APPEALS  
FOR THE SECOND CIRCUIT

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GREEFF FABRICS, INC., :

Plaintiff-Appellant,:

-against- :

Docket No. 76-7407

MALDEN MILLS INDUSTRIES, INC., :

Defendant-Appellee. :

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PETITION BY PLAINTIFF-APPELLANT  
FOR REHEARING

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PETITION BY PLAINTIFF-APPELLANT  
FOR REHEARING

Plaintiff-Appellant respectfully petitions for rehearing as follows:

- A. As to the Second Cause of Action Brought Under Section 43(a) of the Lanham Act for Use by Defendant of a False Copyright Notice on Defendant's Infringing copy of Plaintiff's Copyrighted Design

Plaintiff petitions for rehearing, pursuant to Rule 40 of the Rules of Appellate Procedure, on the ground of a disavowal by defendant, made on the very day of the Court's judgment herein, of the position which defendant successfully urged upon this Court and the Court below on the single issue on which the second cause of action was dismissed.

- B. As to the First Cause of Action, Brought Prior to Enactment of the New Copyright Law, for Copyright Infringement

Plaintiff petitions, pursuant to Rules 35 and 40 of the Rules of Appellate Procedure, for a rehearing by the Court en banc to maintain uniformity of the Court's decisions on the applicability of the new Copyright Law to actions brought under the current Copyright Law.

GROUND OF PETITION

A. As to the Second Cause of Action:

On March 15, 1977, the very day of this Court's decision in the present appeal, the attorneys for defendant sent to the attorneys for plaintiff a letter which is reproduced on the following page. Profert is made of the original of said letter, and the Court is respectfully requested to make it a part of the record of the case, nunc pro tunc, as defendant's renunciation of its position at trial and on appeal, and as its admission that plaintiff made a prima facie case.

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March 15, 1977

Stoll and Stoll  
350 Fifth Avenue  
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Re: Malden Mills Industries, Inc.  
adv. Greeff Fabrics, Inc.

Gentlemen:

I trust you have received the decision of the United States Court of Appeals for the Second Circuit unanimously affirming Judge Cannella's decisions.

We also trust you are now taking all necessary steps to have copyright notices removed from all copies of the fabric design in question made by Greeff or under Greeff's authorization. Since the continued use of a copyright notice on this design, which has now been finally held to be in the public domain, would obviously be prejudicial to Malden (as well as to the general public), we should appreciate your confirmation that all necessary steps have been taken to delete all copyright notices used in conjunction with this design.

Very truly yours,

KREINDLER, RELKIN & GOLDBERG

By:  George E. Goldbe-g

GEG:ep

The assertion, without claim of injury, that

"the continued use of a copyright notice on this design, which has now been finally held to be in the public domain, would obviously be prejudicial to Malden (as well as to the general public)"

is a plain admission that the per se use by either party of a copyright notice on a public domain design would, without a showing of special damage or injury, "obviously be prejudicial" to the opposing party and the general public. "Obviously prejudicial" is an expression of legal injury, Nebraska Press Association v. Stuart, 96 S.Ct. 2791, 2806 (1976), certainly sufficient for a prima facie case.

This is precisely the position which defendant successfully opposed at the trial and before this Court of Appeals. As stated in defendant's Appeal Brief (pp. 23,25):

"1. Section 43(a) of the Lanham Act does not authorize a claim for application of a copyright symbol to a public domain fabric design.

\* \* \*

"2. Since Greeff failed to show that it was or was likely to be damaged by Malden's use of a copyright symbol on the reverse side of test samples containing the subject design, District Court correctly dismissed Greeff's claim under Section 43(a) of the Lanham Act.

"At the outset of the trial it was agreed between counsel for the parties, and accepted by the Court, that the issue of damages would be postponed pending a determination on the merits (82a). However, Malden's counsel carefully pointed out that, since Greeff could only have standing to sue under the Lanham Act if it had incurred damages, Greeff would have to make a showing of damages to support its Lanham Act claim."

Plaintiff's opposing position on this issue is set forth in its Appeal Brief, pp. 61-69 and in its Reply Brief, pp. 24-34. For example, in the Reply Brief, p. 27, the following statement appears:

"A false copyright (or patent) notice should be viewed as a per se violation of Section 43(a), a case analogous to res ipsa loquitur, especially where, as here, the false notice was applied to all 175 [uncopyrighted] designs in defendant's upholstery fabric line and cannot be deemed an isolated, inadvertent, innocent misuse of a copyright notice."

It is respectfully submitted, that had the letter of March 15, 1977 been written prior to trial (on the basis of the preliminary injunction decision holding plaintiff's copyright forfeited) and had it been made a part of the trial record, the District Court could never have rendered the following decision (437a):

"As stated by the Court during the trial of this action, there is absolutely no evidence in the record of any injury to plaintiff due to the appearance of a copyright symbol next to the Malden name on the reverse side of Malden's strike-offs of the fabric design in question. Accordingly, this claim is dismissed."

The demand in the letter of March 15, 1977, with no claim of "any injury to [defendant] due to the appearance of a copyright symbol next to the [Greeff] name", that we take all necessary steps

"to have copyright notices removed from all copies of the fabric design in question made by Greeff or

under Greeff's authorization" and "to delete all copyright notices used in connection with this design"

is in derogation of the District Court's decision and in direct contrast to defendant's own refusal to abandon its false copyright notice (Plaintiff's Reply Brief, pp. 31, 32):

Q [Mr. Samuel J. Stoll] Mr. Glasser, have you sent any instructions to your salesmen to stop using the strike-off samples that bear the copyright symbol?

A [Mr. Milton J. Glasser] I haven't given any instructions to anybody.

Q [Mr. Samuel J. Stoll] Have you given any instructions to your salesmen with respect to using strike-off samples that have a copyright symbol imprinted on them?

\* \* \*

A [Mr. Sanford L. Levine] No.

Q Has anybody in your office given such instructions?

A No.

\* \* \*

Q Have any of your salesmen been instructed not to use any strike-offs that have a copyright symbol?

A No.

We respectfully submit that defendant's letter of March 15, 1977 is an abuse of the Court's writ. It was certainly not the intention of this Court or the Court below, that defendant use the judgment as a blackjack to compel removal of plaintiff's copyright notice from its own copyrighted design, while defendant itself refuses to remove its spurious copyright notice from its admitted copy of that same design, especially since defendant

refuses to remove its spurious copyright notice from any of the 175 uncopyrighted patterns in its upholstery fabrics line, including copies of two additional designs of plaintiff's licensee (150a-157a; plaintiff's Reply Brief, p. 32).\*

We respectfully submit that defendant's letter of March 15, 1977 is a disavowal of a sham position successfully urged by defendant upon this Court and the Court below. The letter of March 15, 1977 should be taken for what it is, defendant's renunciation and retraction of its position at trial and on appeal, and its admission nunc pro tunc of the validity of plaintiff's prima facie case, and this Court should act accordingly. The Court is respectfully urged to treat defendant's letter as an admission made to the Court on the day of judgment (although not known to the Court at that time) that defendant's use of its false copyright notice on its copy of plaintiff's copyrighted design, without more, is obviously prejudicial to plaintiff and to the general public.

See Flexwood Co. v. Faussner & Co., 145 F.2d 528, 542 (7 Cir. 1944) for the principle that a paper dated subsequent to the appeal hearing may be considered by the Court of Appeals on the issue of whether "a defense has ceased to exist". See Tidewater Patent Development Co. v. Kitchen, 371 F.2d 1004, 1012-1013 (4 Cir. 1967), cert. den. 389 U.S. 821, 88 S.Ct. 46, for the principle that disavowal or renunciation of a legal position is binding.



B. As to the First Cause of Action:

The grounds of this phase of the petition, wherein plaintiff seeks a rehearing en banc, are set forth as follows:

(a) That the decision of this Court in the present appeal, affirming the decision of the District Court, fails to take into account the rule of Goodis v. United Artists Television, 425 F.2d 397, 402 (2 Cir. 1970), followed in Rohauer v. Killiam Shows, -F.2d-, 192 U.S.P.Q. 545 (2 Cir. January 7, 1977) which rule provides that the new Copyright Law\* (not enacted at the time Goodis was decided) "constitutes a valuable reference tool to be used in cases arising under the present Copyright Act", particularly where the new Copyright Law "would make the result reached by the district court in the present case impossible."\*\*

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\* We called the trial Court's attention to the new Copyright Law when it was still a bill, S.22, entitled "Design Protection Act of 1975", including Title II mentioned on the next page.

\*\*See, also, Class v. Norton, 507 F.2d 1058, 1061 (2 Cir. 1974) on "judicial deference to legislative revision of a statute".

(b) That the decision of this Court in the present appeal fails to take into account the following provisions of the new Copyright Law, Sections 401(c), 405 (a) and (b) and Title II\* of the Copyright Revision Bill, Section 206(b), which, as stated in Goodis, 425 F.2d at page 402 "would make the result reached by the district court in the present case impossible":

Sec. 401(c): "POSITION OF NOTICE -- The notice shall be affixed to the copies in such manner and location as to give reasonable notice of the claim of copyright. The Register of Copyrights shall prescribe by regulation, as examples, specific methods of affixation and positions of the notice on various types of works that will satisfy this requirement, but these specifications shall not be considered exhaustive."  
(Our emphasis)

Sec. 405(a): "EFFECT OF OMISSION ON COPYRIGHT -- The omission of the copyright notice prescribed by sections 401 through 403 from copies or phonorecords publicly distributed by authority of the copyright owner does not invalidate the copyright in a work if --

\* \* \*

"(2) registration for the work has been made before or is made within five years after the publication without notice, and a reasonable effort is made to add notice to all copies or phonorecords that are distributed to the public in the United States after the omission has been discovered; or

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\*Passed by the Senate five times, the last time, in February, 1976, by a vote of 97-0. Reply Brief of Plaintiff-Appellant, p.19.

"(3) the notice has been omitted in violation of an express requirement in writing that, as a condition of the copyright owner's authorization of the public distribution of copies or phonorecords, they bear the prescribed notice. (Our emphasis)

Sec. 405(b): "EFFECT OF OMISSION ON INNOCENT INFRINGERS -- Any person who innocently infringes a copyright in reliance upon an authorized copy or phonorecord from which the copyright notice has been omitted, incurs no liability for actual or statutory damages under section 504 for any infringing acts committed before receiving actual notice that registration for the work has been made under section 408, if such person proves that he or she was misled by the omission of notice." (Our emphasis)

## Title II

Sec. 206 (b): "The [design] notice shall be so located and applied as to give reasonable notice of design protection while the useful article embodying the design is passing through its normal channels of commerce. This requirement may be fulfilled, in the case of sheetlike or strip materials bearing repetitive or continuous designs, by application of the notice to each repetition, or to the margin, selvage, or reverse side of the material at reasonably frequent intervals, or to tags or labels affixed to the material at such intervals." (Our emphasis)

Our discussions of the foregoing provisions of the new Copyright Law and of Title II of the Copyright Revision Bill appear in the Brief of Plaintiff-Appellant, pages 45-60 and Reply Brief of Plaintiff-Appellant, pages 15-23.

Section 401(c) of the new Copyright Law

With particular reference to Section 401(c) of the new Copyright Law we pointed out that the "reasonable notice" principle has actually been incorporated into the present Copyright Law, by amendment, Sections 9(c) and 20. We pointed out that there is nothing in any of the other provisions of the present Copyright Law which is at variance with the "reasonable notice" principle of the new Copyright Law. And we also pointed out that there is an admission in the record that plaintiff's licensee's copyright notice (which has been held insufficient) is reasonable notice. See the Reply Brief of Plaintiff-Appellant, p. 21, where the stipulation appears:

"MR. STOLL: I am asking for your stipulation.

"MR GOLDBERG: Yes, we are not arguing with the form of it. It would give somebody notice if it was placed anywhere where they could see it, yes."

There is no testimony in the record showing that said copyright notice was placed where it would not be seen, or that defendant failed to see it, or that it was overlooked by anyone else. On the contrary, (Reply Brief of Plaintiff-Appellant, p.22) defendant had no trouble in spotting the copyright notice on the very first piece of licensed fabric it obtained.

Section 405(a)(2) of the new Copyright Law

As clearly appears from the record, plaintiff met the requirements of Section 405(a)(2) by registering the copyright in suit on September 13, 1974 (378a-379a), prior to its licensee's publication with an allegedly insufficient notice. Plaintiff granted the license on October 20, 1975 (387a-389a).

Plaintiff made a reasonable effort, promptly following Judge Cannella's decision (dated April 13, 1976) holding the licensee's notice insufficient, to require its licensee to comply with that decision. See the amended license agreement (dated April 23, 1976) which expressly provided that the notice "shall be applied to each repeat of the pattern" (390a-391a). The licensee did in fact promptly comply with this requirement (Brief of Plaintiff-Appellant, p.56).

Section 405(a)(3) of the new Copyright Law

The provisions of Section 405(a)(3) are also applicable to the present case since the licensee's allegedly insufficient notice was applied to the licensed fabric "in violation of an express requirement in writing". See Brief of Plaintiff-Appellant, pages 57-59.

Section 405(b) of the new Copyright Law

Section 405(b) of the new Copyright Law deals with a person who innocently infringes a copyright in reliance upon an authorized copy from which the copyright notice has been omitted. In the present case, defendant did not rely on the absence of a sufficient copyright notice on authorized goods. On the contrary, defendant never even saw the licensed goods until after the action was instituted. What defendant copied was infringing goods made and obtained before the license was granted. See Brief of Plaintiff-Appellant, pages 59-60; Reply Brief of Plaintiff-Appellant, pages 2-4.

Section 206(b), Title II, Copyright Revision Bill

Section 206(b) provides that in the case of repetitive designs, the "reasonable notice" requirement is satisfied "by application of the notice to each repetition" of the material, or "to tags or labels affixed to the material" at "reasonably frequent intervals". In the present case, the notice was applied to tags\* affixed to the licensed fabric, one such tag to each bolt sold. Since the licensed fabric is sold only by the bolt

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\*Actually, plaintiff's licensee did not use an ordinary disposable hangtag. The licensee used a piece ticket which was securely attached to the bolt and remained with the bolt as long as there was fabric, Reply Brief of Plaintiff-Appellant, pp. 9-14.

and only to users thereof (manufacturers of upholstered furniture), a reasonably frequent interval would clearly be a single notice per bolt since this would provide notice to each user. There is no factual showing or finding in the record that a single notice per bolt of fabric, sold only by the bolt, is insufficient notice. See Plaintiff's Appeal Brief, pp. 50-53; Plaintiff's Reply Brief, pp. 20-23.

We respectfully urge the Court:

As to the second cause of action

(a) To make the above letter of March 15, 1977 a part of the record of the case, nunc pro tunc;

(b) To treat said letter as an admission made to the Court on the day of judgment that defendant's use of its false copyright notice on its unauthorized copy of plaintiff's copyrighted design is obviously prejudicial to plaintiff and to the general public;

(c) To modify its judgment herein to the extent of reinstating plaintiff's second cause of action; and

(d) To grant plaintiff the relief requested in the complaint with respect to said second cause of action, including costs and counsel fees.



As to the first cause of action

(a) To apply the rule of Goodis v. United Artists Television, 425 F.2d 357 (2 Cir. 1970), followed in Rohauer v. Xilliam Shows, -F.2d-, 192 U.S.P.Q. 545 (2 Cir. January 7, 1977) to the issues arising under the first cause of action herein;

(b) To determine the copyright notice of plaintiff's licensee to be sufficient under the present Copyright Law as construed in the light of the new Copyright Law and Title II of the Copyright Revision Bill;

(c) To declare that the copyright notice of plaintiff's licensee did not forfeit plaintiff's copyright;

(d) To modify its judgment herein to the extent of reinstating plaintiff's first cause of action; and

(e) To grant plaintiff the relief requested in the complaint with respect to said first cause of action, including costs and counsel fees.

Respectfully submitted,

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Attorneys for Plaintiff-Appellant  
Empire State Building  
New York, New York 10001

Samuel J. Stoll  
Robert S. Stoll  
Doris S. Hoffman



Affidavit of Personal Service

~~SUPERIOR COURT~~  
UNITED STATES COURT OF APPEALS

~~APPELLANT~~ — ~~DEFENDANT~~  
for the Second Circuit

76-7407

Greeff Fabrics, Inc.,  
Plaintiff-Appellant,

v.

Malden Mills Industries, Inc.,  
Defendant-Appellee.

On appeal from the United States District Court for the  
Southern District of New York

State of New York  
County of New York—ss.:

Samuel D. Grosby, being duly sworn deposes and says,  
that he is over twenty-one (21) years of age, that on the 29 day  
of March 1977, ~~at~~ <sup>two (2)</sup> he served ~~three (3)~~ copies of  
the within <sup>on</sup> Petition for Rehearing on Kreindler, Relkin & Goldberg, Esqs.  
at 500 Fifth Avenue, New York, N.Y.

attorney for the Defendant-Appellee by leaving the same  
with someone in charge of said office to wit a clerk.

Deponent further says that he knew the person so served to be the  
person in charge of said office.

.....*Samuel D. Grosby*.....

Sworn to before me  
this 29th day of March 1977 .

...*John Alusick*.....

JOHN ALUSICK  
Notary Public, State of New York  
No. 31-4602133  
Qualified in New York County  
Commission Expires March 30, 1978

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